ASX Announcement

Trading Update

13 December 2022

Bendigo and Adelaide Bank Limited (**ASX: BEN**) provides an update on its first five months of trading and outlook for the remainder of Financial Year 2023 (**FY23**).

Trading Update (unaudited actual financial results for the five months ending 30 November 2022)

- Unaudited cash earnings (after tax)[1] year-to-date (**YTD**) of approximately $245m, up 22% on prior corresponding period (**PCP**).
- Lending balances (spot) increased 5.2% over the last 12 months[2] and decreased 0.7% over the last five months[3].
    - Residential lending increased 7.5% over the last 12 months[2] and decreased 0.2% over the last five months[3], reflecting slowing system growth and a focus on margin management since 30 June 2022.
    - Business lending (including Agribusiness) decreased 3.0% over the last 12 months[2] and decreased 3.0% over the last five months[3], reflecting an increasingly competitive environment and a heightened focus on margin management across both portfolios.
- Deposit balances (spot) increased 8.9% over the last 12 months[2] and increased 2.0% over the last five months[3].
- Net Interest Margin (**NIM**) post revenue share arrangements YTD of 1.85% with an exit NIM post revenue share arrangements of 2.01%. YTD NIM pre revenue share arrangements of 2.30%.
- Credit expenses positively contributed with arrears remaining at low levels across all portfolios[4]. Greater than 90 days' residential arrears for the month of November 2022 of 41 basis points (**bps**) were down 8bps as compared to 30 June 2022.
- Common Equity Tier 1 capital (**CET1**) ratio at 31 October 2022 was 9.98%, up 22bps as compared to 30 September 2022 and up 30bps as compared to 30 June 2022.
- Return on equity (cash) YTD of 8.82%, up 110bps as compared to financial year ending 30 June 2022 (**FY22**).

Outlook for FY23

- Continued careful management of volume growth and margins given the competitive environment in both lending and deposits.
- Expected further interest rate rises in FY23 to a terminal cash rate of between 3.5% and 4.0%. NIM tailwinds expected to continue into the second half of FY23, in particular reflecting the strength of BEN's deposit gathering network.
- Operating expenses expected to increase modestly on FY22 levels, reflecting higher non-lending losses and a higher mix of investment spend being expensed.

"At our full year results in August, we outlined our intent to sharpen our focus and concentrate our efforts on better returns, and to date in the first half of FY23 we have delivered strong growth in cash earnings and an improved return on equity. Our NIM has continued to rise as we carefully manage our volume growth and margins, while continuing to prudently manage costs in an inflationary environment. We remain committed to our strategy and vision, and we are united in our purpose of feeding into the prosperity of the community and not off it" said Marnie Baker, CEO and Managing Director of Bendigo and Adelaide Bank.

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[1] Refer to slide 14 of Investor Presentation for the full year results for the year ended 30 June 2022 for basis of calculation of cash earnings (after tax)

[2] Balance at 30 November 2022 as compared to balance as at 30 November 2021

[3] Balance at 30 November 2022 as compared to balance as at 30 June 2022

[4] Based on the economic outlook scenario adopted for the full year results as at 30 June 2022

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Bendigo and Adelaide Bank

Approved for release by the: **Bendigo and Adelaide Bank Board of Directors**

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About Bendigo and Adelaide Bank Limited
Bendigo and Adelaide Bank is Australia's better big bank, with more than 7,000 staff helping our over 2.2 million customers to achieve their financial goals. Bendigo and Adelaide Bank's vision is to be Australia's bank of choice, by feeding into the prosperity of customers and their communities.

Disclaimer

The material in this release is intended to be general background information about the Group's activities current at the date of this release, 13 December 2022. All amounts in this release are unaudited.

It is information in a summary form and is therefore not necessarily complete. It is not intended to be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice, and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

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